

keep growing over the next few years. Your budget is not balanced if you continue to go deeper and deeper into debt each year.

Reducing that debt should be Congress' top priority. Leaders in Washington have already wasted years of a boom economy in which they could have been paying down the debt. They should not waste any more time. They will not even be able to claim a balanced budget if an economic downturn upsets their budget forecasts.

That's why the GOP tax cut plans should be rejected along with President Clinton's spending plans.

The tax cuts offered by House Republicans are even-handed worthwhile cuts.

The plan would raise the standard deduction for married couples to eliminate the marriage penalty some couples incur when they combine their incomes filing jointly.

Under the GOP plan, self-employed taxpayers and employees who have to pay for their own health insurance could deduct 100 percent of that cost.

House Republicans also would let senior citizens earn more money before they start losing Social Security benefits. And they would restore tax credits for businesses for research and development. These would be beneficial tax cuts. But they shouldn't be the highest priority in this budget year.

Tax cut advocates will point out that citizens pay too much in taxes, that the government takes too big a bite out of its citizens' incomes. And they are correct. The government is too big and it takes too much of our money to support it.

But long-term concerns demand paying down the national debt first. If that debt isn't reduced soon, the chance for real and lasting tax cuts will be postponed for decades.

It is tempting in an election year to push for tax cuts. But politicians should not push for short-term political gains and taxpayers should not push for short-term financial gains.

Our national interest and our future demands that we reduce the national debt before increasing spending or reducing taxes.●

RELIEF FOR SMALL BANKS

● Mr. ABRAHAM. Mr. President, I rise today to speak in support of S. 2346, legislation which seeks to amend the Internal Revenue Code of 1986 to expand S corporation eligibility for small banks. Expanding S corporation eligibility will greatly benefit small banks and, in this period of increased competition, help them as they strive to compete with credit unions and megabanks.

At present, most banks are classified as C corporations, which subjects them to the double taxation of profits. Earnings at banks classified as C corporations are taxed first at corporate level and, after earnings on stockholders shares are distributed, again by shareholders. Converting to an S corporation is an attractive option for small banks because it eliminates the corporate level income tax and allows greater earnings, often between 30 and 40 percent, to be passed on to shareholders.

Subchapter S of the Internal Revenue Code was first enacted in 1958 to reduce the tax burden on small business corporations. Since then, the Subchapter S provisions have been modified sev-

eral times, most recently in 1982 and 1996. The changes most recently instituted reflect Republican efforts to relieve the tax burden on small businesses.

The relatively low number of small banks which have made the conversion, however, indicate that Congress needs to take additional steps to liberalize the requirements for conversion to Subchapter S. Many bankers tell me that the excessive regulatory burden placed on our banks often makes conversion to an S corporation an onerous process and discourages small banks from making the change. This must change.

This legislation will amend current law to help facilitate the conversion to an S corporation. Among the reforms is an increase in the number of S corporation eligible shareholders from 75 to 150; the ability of S corporation shares to be held as Individual Retirement Accounts (IRAs); the provision that any stock that bank directors must hold under banking regulations shall not be a disqualifying second class of stock; and permission for banks to deduct bad debt charge offs over the same number of years that the accumulated bad debt reserve must be recaptured.

These provisions, and others included in the legislation, will allow more banks to convert to S corporations. The result will be more efficient, more competitive small banks. And the consumer will be the ultimate beneficiary. I applaud Senator ALLARD for introducing this legislation. I believe it is a positive step that will help maintain a balanced playing field among the financial service industries and I urge the Senate Finance Committee to act on it quickly.●

TRIBUTE TO DR. WILLIAM FOSTER AND THE MARCHING 100

● Mr. GRAHAM. Mr. President, as we approach a new century, I recognize one of the giants of the 20th century: Dr. William Foster, Chairman of the Music Department and Director of Bands at Florida A&M University in Tallahassee, Florida.

After enriching the lives of thousands of students, and entertaining millions around the globe via superlative performances of The Marching 100 band, Dr. Foster is retiring. A special tribute will be held honoring him in Tallahassee on September 4, 1998.

Dr. Foster's service to Florida A&M University and the field of music spans half a century. His genius was in melding the varied sounds of musical instruments—along with unique choreography—into one of the most celebrated and sought-after marching bands in the world.

With each performance, The Marching 100 band proves the axiom that music is an international language. And its director, Dr. Foster, is music's Ambassador at Large, lifting the spirits of all who heard the glorious sounds of this talented group and saw the

high-stepping moves that set this band apart from all others.

Mr. President, this is the time of year that we send our children and grandchildren back to school to begin another academic year. As a nation, we focus on the vital role of education.

Dr. Foster personifies the finest attributes of an educator. He passed on knowledge to thousands, he built teamwork and instilled discipline, and he had fun along the way.

The educational leadership of Dr. Foster is one of the reasons why Florida A&M University is ranked among America's leading institutions of higher learning. Last year, Florida A&M University was cited as "College of the Year" by editors of TIME magazine and The Princeton Review.

Mr. President, I have been honored to visit Florida A&M University on many occasions. I have experienced the spirit on campus, in the classrooms and among the greater Florida A&M University family of alumni, faculty, administrators, and students.

And, I have experienced the special joy of watching and listening to The Marching 100 under the direction of Dr. Foster. I call on my colleagues in the Senate—and all those who love music—to join me in this tribute to an outstanding American, a gifted educator and band director without peer: Dr. William Foster.●

TRIBUTE TO JUDGE PATRICK T. SHEEDY

● Mr. KOHL. Mr. President, I rise today to pay tribute to Judge Patrick T. Sheedy, who retired last month in Milwaukee after 19 years as a Circuit Court Judge and eight years as Chief Judge for Milwaukee's District 1.

Pat Sheedy exemplifies everything that we hope to see in a judge in America. He possesses a brilliant legal mind, a compassionate attitude, and the wit to see the humor in almost every situation.

I am proud to say that Judge Sheedy is a complete product of our great state of Wisconsin. He was born in Green Bay and received his undergraduate and his law degree at Marquette University in Milwaukee.

In addition to serving 27 years on the bench, Judge Sheedy served his colleagues in a variety of capacities, including as past President of the Wisconsin Bar Association. But, I know his proudest legacy would be his six children and 12 grandchildren.

Mr. President, we all know of the difficult demands we place on judges in our country. The grueling schedule and stress of legal negotiations can test the patience of even the most reasonable among us. In these most tense moments, Judge Sheedy could diffuse the most trying situations with a bit of his well-known Irish charm and humor.

We all wish Judge Sheedy well in his retirement. But, the City of Milwaukee and the State of Wisconsin will sorely miss a man who has given back so